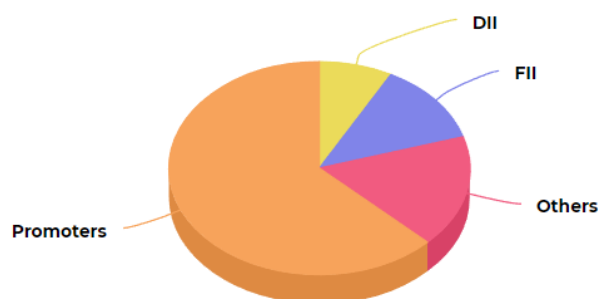


Nestle India Ltd

General Overview

Nestle India is a vibrant Company that provides consumers in India with products of global standards and is committed to long-term sustainable growth and shareholder satisfaction. One can not say that he has not used a nestle product, because the company manufactures products that are used by everyone on a daily basis. Products include Nestea, Nescafe, milky bar, munch, KitKat, milkmaid, Maggi, Ketchup, Ceregrow, and much more. The company has shown tremendous growth in terms of profit. In the year 2020 company gained around 2000 crores in profit. Shares of this company are on the costlier side but have given benefits. It gained 3-4% in the last year and nearly 73% in last 3 years. Since the pandemic is now in a mild phase, more and more shops will open and customers will again start to consume more of these products. Also, Nestle India gets govt approval for the PLI scheme for processed fruits, vegetables Hence the company has a bright future ahead.

Shareholding pattern



Showing Shareholding as on 31 Dec 2021

CATEGORY	NO. OF SHARES	PERCENTAGE
<div></div> Promoters	6,05,15,079	62.76 %
<div></div> Pledge	0	0.00 %
<div></div> FII	1,19,06,396	12.35 %
<div></div> DII	76,07,675	7.89 %
<div></div> MF	36,43,136	3.78 %
<div></div> Others	1,63,86,566	17.00 %

Observing the shareholding pattern of Nestle India we can see that about 62.76% of the shares are held by the promoters. Now, this is a very good sign because more the promoters are having a stake in the company it shows the trust and confidence of promoters in the company. Also, we can see that nearly 12.35% of the shares are owned by FII (Foreign institutional investors) shows that the company has good future prospects. Also, we can see that the pledge percentage among promoters is 0% which is also a good sign.

Management

Name	Designation
B Murli	Senior VP (Legal) & Co. Secretary
David S McDaniel	Executive Director & CFO
Matthias C Lohner	Executive Director -Technical
P R Ramesh	Ind. Non-Executive Director
Rajya Vardhan Kanoria	Ind. Non-Executive Director
Rama Bijapurkar	Ind. Non-Executive Director
Roopa Kudva	Ind. Non-Executive Director
Suresh Narayanan	Chairman & Managing Director
Swati A Piramal	Ind. Non-Executive Director

Mr. Suresh Narayanan joined the Board of Directors of Nestlé India Limited as Managing Director from 1st August 2015. He was designated as the Chairman and MD of the Company with effect from 29th October 2015. He holds a Master's Degree in Economics from the Delhi School of Economics and has a Diploma from the IMD Program for Executive Development. He has over 30 years of rich and exhaustive experience in the FMCG Industry.

Mr. David McDaniel is the Executive Director Finance & Control and Chief Financial Officer (CFO) of Nestlé India Limited. David is a Chartered Management Accountant, with over 30 years of rich business experience.

Dr. Swati A Piramal joined the Board of Directors of Nestlé India Limited as a NonExecutive Independent Director on 2nd August 2010. She is one of India's leading scientists and

industrialists and is involved in healthcare, focusing on public health and innovation. She earned her medical degree, an M.B.B.S from Mumbai University in 1980. Dr. Swati Piramal is an alumnus of the Harvard School of Public Health.

Mr. Matthias Christoph Lohner joined the Board of Directors of Nestlé India Limited with effect from 1st November 2020 as a Whole-time Director. He has been designated as “Executive Director - Technical”. He holds Bachelor in Chemical Engineering, has over 23 years of rich and exhaustive experience in Technical and Production functions, and has held senior management positions during his career.

Swot Analysis

Strength

- Market Dominance - The company was a wide range of products which includes baby foods, cereals, chocolate, coffee, dairy products, pet care products, sports nutrition, etc. It has various big brands and products under its hood which dominate the market like Nescafe, Milkmaid, Maggi, and Kit-Kat. Maggi attained over 60 percent market share showing the dominance of the company.
- Global presence - Nestle has an extensive global presence in about 187 countries. And this presence can be dated back about 150 years in some countries. This simply means their product is being used in these many countries across the globe.
- Great Performance - Nestlé India, achieved a major landmark in the financial year 2017 as the first listed food company to cross Rs10,000 crore in sales in India. It is currently among the top companies in its sector.
- Strong Supply Chain Management - The company has used science to improve the method of its operation and that is the reason it is able to keep up with the enormous demand. Its strong supply chains help the company to quickly roll out products which helps them to meet the demands of customers to increase their customer base.

Weakness

- Strong Dependence on some products - Nestle has a high dependence on Milk and Nutrition products which contributes nearly 47.6% to the company's top line.
- Price Hikes - Nestle products have seen price hikes multiple times. Take the case of Maggi and Kit-Kat. This is not a good idea in the long run because various companies are now improving and offering products at cheaper prices.

- Share Price - The share price of Nestle is around 18000 rupees, which is very high in comparison to other companies of the segment. This restricts the investor segment of Nestle as small retail investors hesitate to buy such hefty shares and instead opt for alternative good performing cheaper shares like Britannia.

Opportunities

- Sustainability - In today's world, there is a great need for sustainable products and eco-friendly processes. Consumers are getting smarter and more logical. Hence Nestle should focus on this vertical to keep growing.
- Increasing the range of products - Nestle has a great network, presence, and reputation. It can leverage this to introduce newer products and diversify its product base. Globally it has 2000 products but in India, only 20-25 of them are under production. This can be increased.

Threats

- Competition - Nestle faces stiff competition from new entrants like Patanjali which are slowly capturing market share. It also faces competition from companies like Pepsico, Hershey, Britannia, etc.
- Product Quality - Nestle has faced great setbacks regarding its product quality. The best example is Maggi, which failed to comply with one of the laboratory tests and lost nearly 500 crores during the ban.

Competitive Analysis

Some of the biggest competitors for Nestle India are Britannia, Hindustan Unilever, and Dabur India.

Name	Price	Market Cap (in Crores)	1 Year Return(%) / 5 Year Return(%)
Nestle India	18384	177265	5.75 / 208
Britannia Inds.	3509	84163	-2.56 / 124
Hind. Unilever	2283	539314	-1.36 / 166.4
Dabur India	534	93528	0.75 / 92.7

We see from the table that there is good competition in this sector. All the companies have some or the other advantage over the other. In terms of market cap, we see that Hindustan Unilever is nearly 5 times that of Nestle. Hindustan Unilever apart from food and beverage also offer beauty and personal care products which is the reason for such a great market. But one can still say that Nestle dominates the market in Food and Beverage sector. The biggest hero product of Nestle is Maggi. Britannia and Dabur have a market capitalization of 84163cr and 93528cr which is significantly less than Nestle, but still, these companies are in a good competitive position because of their product and consistent profitable results. Talking about returns Nestle is clearly way ahead of its competitors. Nestle gave 5.75% returns in a year which is not great but in the long run like for 5 years, it gave 208% returns which are better than others in this segment. Although the share price of Nestle is very high for a normal investor, which accounts for fewer people investing in Nestle instead of investing in competing companies. All the peer companies have been showing consistent growth and profitability. But still, Nestle needs to consistently keep on improving and adding new products to keep its consumers satisfied and compete with other brands.

Conclusion

In conclusion, I would like to say that Nestle India is a great company to invest in. There are multiple reasons for supporting the statement. The company enjoys having a good presence and dominance in the Food and Beverage industry. The company stands at a respectable position in terms of market capitalization and profits in its sector. All the ratios and fundamentals incline towards a buying sentiment. Nestle has been consistently increasing its profits. Investors have enjoyed over 200% returns over a period of 5 years. So we can see that the company has been performing well consistently. The only suggestion is that the company should be careful of its competitors and should try to retain its customers. Also, the company should also launch more variety and hero products to increase its customer base.